

IMPLEMENTATION OF NATIONAL SUPPLY REDUCTION STRATEGY

HEARING

BEFORE THE
SUBCOMMITTEE ON CRIMINAL JUSTICE,
DRUG POLICY AND HUMAN RESOURCES
OF THE

COMMITTEE ON
GOVERNMENT REFORM
HOUSE OF REPRESENTATIVES

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IMPLEMENTATION OF NATIONAL SUPPLY REDUCTION STRATEGY

WEDNESDAY, SEPTEMBER 17, 2003

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CRIMINAL JUSTICE, DRUG POLICY AND
HUMAN RESOURCES,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:06 a.m., in room 2203, Rayburn House Office Building, Hon. Mark E. Souder (chairman of the subcommittee) presiding.

Present: Representatives Souder, Carter, Cummings, Ruppertsberger, and Norton.

Staff present: J. Marc Wheat, staff director and chief counsel; John Stanton, congressional fellow; Nicole Garrett, clerk; and Tony Haywood, minority counsel.

Mr. SOUDER. The subcommittee will come to order.

Good morning. Because of our focus in the subcommittee this year on the reauthorization of the Office of National Drug Control Policy and the President's treatment initiative, this is a continuation of hearings in the 108th Congress on drug supply and interdiction matters. The abuse of illegal narcotics and its silent everyday impact on health, safety, families, and stability in every community across the country continues to be one of the most pressing issues facing the United States.

Tom Davis, the distinguished chairman of the full committee, and I, with the full support of the subcommittee ranking member, Mr. Cummings, have introduced legislation reauthorizing ONDCP and its programs for 5 years. The bill makes some significant revisions to current law that will enhance the effectiveness and accountability of the National Drug Control Strategy and its programs, streamline and simplify the process for its development, and provide increased flexibility to the ONDCP Director to respond to changing circumstances. The bill is a forceful and bipartisan recommitment to our diverse national efforts to control drug abuse and to renew our support for a strong ONDCP to plan and coordinate the President's strategy to measurably reduce drug use by American youth and to control drug abuse and its consequences. The bill is a true bipartisan effort and represents the outcome of ongoing consultation and discussions with the minority.

The bill contains the complete text of the Dawson Family Community Protection Act that was introduced by the ranking member of this subcommittee, Mr. Cummings, to address witness and community protection initiatives in the wake of the tragic death of the

Dawson family in Baltimore at the hands of violent drug dealers. The bill reported from committee also contains a number of items requested by Mr. Waxman, the distinguished ranking member of the full committee, many of which reflect a clear bipartisan agreement that the medical campaign should not be used for political purposes.

As I often point out, around 20,000 Americans die each year of drug-related causes, more than any single terrorist act to date. It is vitally important that we maintain vigorous efforts to control the sources of supply of narcotics and to interdict them prior to entering the United States. While we have recently begun to see the real and tangible successes in some of our source country programs, most notably Plan Colombia, the Federal Government continues to face significant challenges on two fronts: supply reduction strategies and programs, and, second, the interdiction strategies and programs. The challenges are both caused by policy and political issues and by resource constraints. Our witness today has some of the most significant responsibilities for strategic matters relating to narcotics supply reduction and interdiction, and I appreciate the opportunity to have Dr. Crane enlighten us on the status of these critical programs.

First, I would like to review the strategies used in Plan Colombia. Chairman Tom Davis of the full committee and I returned from a visit to Colombia just after this Nation's birthday this summer, which was the third committee delegation this year. We are beginning to see real and tangible successes, and the Speaker of the House and both of us very much appreciate the continued support of President Uribe and Vice President Santos, with whom we have had the opportunity to spend a significant amount of time. We also obtained a renewed sense of the many steep challenges Colombia and our source country programs continue to have. We met with soldiers who had lost limbs and eyes to the increasing terrorist attacks of the FARC. We met with widows who were grateful for the opportunity to learn skills toward earning a modest living by baking or sewing, supported by the Agency for International Development. I would like Dr. Crane to address what else we should be doing from a policy or strategic perspective to capitalize on the momentum in Colombia.

Other serious issues must be considered relating to Plan Colombia. We Americans continue to be held hostage by the FARC. The Attorney General of the United States has indicted members of both the FARC and the AUC for using drug proceeds to support their terrorist acts. Colombian heroin is being increasingly prevalent on the East Coast of the United States. As our programs succeed in Colombia, we now face increased attacks on spray planes and the spillover of the drug traffic, violence, and terrorism to other nations of the Andean region. We must also continue to consider the failure of European nations to step up and provide sorely needed assistance to build communities and institutions at this crucial time. These countries pledged to provide assistance at the very beginning and have yet to contribute, or have only contributed very minor amounts.

The second significant issue is the question of allocation of national resources to drug interdiction missions. Many of our most

significant interdiction assets used in this hemisphere were moved into the new Department of Homeland Security in March, namely, the U.S. Coast Guard cutters and aircraft, and the Immigration and Customs Enforcement aircraft and go-fast boats. The subcommittee staff received briefings this summer at the Joint Inter-agency Task Force South in Key West and the U.S. Southern Command that suggest that the redirection of national resources from drug control missions to homeland security and combat missions have had a dire negative impact on drug interdiction. I also understand the Department of Defense wants to realign its Joint Inter-agency Task Forces with a closure and relocation of JIATF-West and the creation of a JIATF-North. I am very curious how the Office of National Drug Control Policy advocates and solicits cooperation from the contributing departments in meeting the national strategy.

Finally, I would like to hear about the strategic and policy responses to rapidly emerging new threats such as the flood of Ecstasy into the United States and the resumption of large-scale heroin production in Afghanistan. A member of my staff has just returned from Turkey and Uzbekistan, where he gathered information about production trends, transshipment routes, and precursor chemicals. The Drug Enforcement Administration has a limited number of personnel in the region, working closely with Department of State personnel and host nation personnel. Their efforts are noteworthy but minuscule in comparison to the size of the problem. I look forward to your testimony on this particularly dire narcotics supply issue.

Clearly, our plate this morning is very full, so I welcome our witness, Dr. Barry Crane, Deputy Director of the Office of National Drug Control Policy. But first I would yield to Mr. Cummings for any opening statement he may have.

[The prepared statement of Hon. Mark E. Souder follows:]

Opening Statement
Chairman Mark Souder

“Implementation of National Supply Reduction Strategy”

Subcommittee on Criminal Justice, Drug Policy
and Human Resources
Committee on Government Reform

September 17, 2003

Good Morning. Because of our focus in the Subcommittee this year on the reauthorization of the Office of National Drug Control Policy and the President’s treatment initiative, this is a continuation of hearings in the 108th Congress on drug supply and interdiction matters. The abuse of illegal narcotics and its silent everyday impact on health, safety, families, and stability **in every community** across the country continues to be one of the most pressing issues facing the United States.

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and provide increased flexibility to the ONDCP director to respond to changing circumstances. The bill is a forceful and bipartisan recommitment to our diverse national efforts to control drug abuse and to renew our support for a strong ONDCP to plan and coordinate the President's strategy to measurably reduce drug use by American youth and to control drug abuse and its consequences. The bill is a true bipartisan effort and represents the outcome of ongoing consultation and discussions with the minority. The bill contains the complete text of the Dawson Family Community Protection Act that was introduced by the Ranking Member of the Subcommittee, Mr. Cummings, to address witness and community protection initiatives in the wake of the tragic death of the Dawson family in Baltimore at the hands of violent drug dealers. The bill reported from Committee also contains a number of items requested by Mr. Waxman, the distinguished Ranking Member of the Full Committee, many of which reflect a clear bipartisan agreement that the Media Campaign should not be used for political purposes.

As I often point out, around 20,000 Americans die **each year** of drug-related causes -- more than in any single terrorist act to date. It is vitally important that we maintain vigorous efforts to control the sources of supply of narcotics and to interdict them prior to entering the United States. While we have recently begun to see real and tangible successes in some of our source country programs -- most notably Plan Colombia -- the federal government continues to face significant challenges on two fronts: supply reduction strategies and programs and secondly, interdiction strategies and programs. The challenges are caused both by policy and political issues and by resource constraints. Our witness today has some of the most

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Other serious issues must be considered relating to Plan Colombia. **Three Americans continue to be held hostage by the FARC.** The Attorney General of the United States has indicted members of both the FARC and the AUC for using drug proceeds to support their terrorist acts. Colombian heroin is becoming increasingly prevalent on the East Coast of the United States. As our programs succeed in Colombia, we now face increased attacks on spray planes and the **spillover** of the drug traffic,

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precursor chemicals. The Drug Enforcement Administration has a limited number of personnel in the region, working closely with Department of State personnel and host nation personnel. Their efforts are noteworthy but miniscule in comparison to the size of the problem. I look forward to your testimony on this particularly dire narcotics supply issue.

Clearly, our plate this morning is very full, so I welcome our witness Dr. Barry Crane, Deputy Director of the Office of National Drug Control Policy.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Illegal drugs contribute to an estimated 50,000 deaths in the United States each year. Nineteen thousand of those deaths are a direct result of illegal drug use. According to the 2001 National Household Survey on Drug Abuse, 16 million Americans use an illegal drug on at least a monthly basis, including 6.1 million who needed treatment. Only 17 percent of those needing treatment received it. In Baltimore City alone there are some 50,000 plus people addicted to drugs. Nationwide, it is estimated that each year 110,000 individuals who seek treatment are unable to obtain it. A high percentage of all crime in the United States is drug related, and most of the prisoners sitting in U.S. prisons, jails, and detention facilities are there because of illegal drug activity.

These facts paint an ugly picture of the impact of drugs on the American society, but they do not begin to describe the tragic harm done to individuals, families, and communities by drugs. Reducing the supply of illegal drugs available to the U.S. market is one of the three basic priorities that underpin the President's strategy for reducing the impact of drugs on America. The other two components are prevention and treatment. Today we will hear from Deputy Director for Demand Reduction in the White House, Office of National Drug Control Policy concerning the progress of the United States with regard to supply reduction efforts today.

Nearly all of the cocaine consumed in the United States originates in the Andean region nations of South America, with an estimated 90 percent originating in or passing through Colombia. Colombia is now also the most significant source country for heroin consumed in the United States. Since 2000, when we launched Plan Colombia with \$1.3 billion, well over \$2 billion has been invested in supply reduction efforts in Bolivia, Brazil, Colombia, Ecuador, Peru, and Venezuela.

Today's hearing provides an opportunity to discuss some very important issues concerning the direction, the implementation, and the impact of our drug supply reduction strategy, and the extent to which our international investment has produced meaningful domestic returns. As much as anyone else, I want to see our international efforts succeed. The success must be measured in terms of domestic impact, on the price and the availability of drugs on the U.S. streets, and I have yet to see that impact. What I do continue to see is the devastating impact of addiction, and the question remains: What is the best way to attack this problem?

I am mindful of the well publicized Rand Corp. study that found that treatment is seven times more cost-effective than domestic drug enforcement in reducing cocaine use and 15 times more cost-effective in reducing the social costs of crime and lost productivity. Although the Rand study is not without its detractors, I am also mindful of the Baltimore Drug and Alcohol Treatment Outcome Study, which found a direct correlation between increased exposure to treatment and significant reductions in criminal and other unhealthy and antisocial behaviors and outcomes. In Baltimore we have seen immediate positive returns on our investment and treatment. We are still waiting for Plan Colombia to deliver results at home.

Determining how best to allocate limited drug control resources is an enormous challenge that we have to confront. For that I thank you, Dr. Crane, for your appearance here today, and I look forward to hearing your testimony.

And with that, Mr. Chairman, I yield back.

Mr. SOUDER. I thank you. I ask unanimous consent that all Members have 5 legislative days to submit written statements and questions for the hearing record, and any answers to written questions provided by the witnesses also be included in the record.

Without objection, so ordered.

I ask unanimous consent that all exhibits, documents, and other materials referred to by Members and the witness may be included in the hearing record, and that all Members be permitted to revise and extend their remarks.

Without objection, so ordered.

Dr. Crane, would you please stand so I can administer the oath? As you know, it is our standard practice in this committee to do that.

[Witness sworn.]

Mr. SOUDER. Thank you.

Let the record show that the witness clearly answered in the affirmative.

Now welcome to our committee the Office of National Drug Control Policy witness, Dr. Barry Crane, Deputy Director for Supply Reduction. And you are recognized. We will give you more than 5 minutes. We will put your whole statement in the record, so you can do some summary, because I think it will go even more than probably even 10. But if you can give us an overview, as I know you have presented to us in the written, and then we will ask some questions and details.

STATEMENT OF DR. BARRY CRANE, DEPUTY DIRECTOR FOR SUPPLY REDUCTION, OFFICE OF NATIONAL DRUG CONTROL POLICY

Mr. CRANE. Thank you Chairman Souder and Ranking Member Cummings. There are other distinguished Members I know that will expect questions for the record.

It is really a pleasure to appear before you to discuss the implementation of the international supply reduction elements of our National Drug Control Strategy. On behalf of Director Walters of the Office of National Drug Control Policy, and all of the members of ONDCP, I would like to thank both of you for your continuing support for our national struggle against illegal drugs. We are particularly thankful for your active support of the international supply reduction efforts in Colombia, including visits by many committee members.

I am pleased to report that significant progress has been made in these efforts and in our implementation of disrupting the market priority of the national drug control strategy. A more important development is that eradication in Colombia now substantially exceeds coca replanting efforts, thanks to President Uribe's aggressive aerial spraying campaign. In the western hemisphere we are trying to eradicate everything we can find. As a result, coca cultivation has decreased by 75 percent between September 2002 and

early 2003, particularly in the Putumayo region, which was once the epicenter of coca cultivation, and overall coca cultivation of production in Colombia dropped 15 percent in 2002. Brave Colombian officials are also aggressively, with U.S. support, weakening criminal and terrorist organizations throughout. We have an organizational attack that broke down the Valencia Trujillo organization earlier this year. We are beginning financial attack operations aimed at the money laundering systems involving the black market peso exchange, and with President Uribe's help extradited many members, including a member of the FARC, who was drug trafficking.

In addition, opium poppy cultivation fell by 25 percent in Colombia between 2001 and 2002, and Colombia and the United States are targeting the remaining heroin production by spraying all the opium we can find. We are using a new system to try to use informants to find it for reconnaissance flights. We have fortified the interdiction of the heroin by employing airport x-ray machines, and we are in the process of rapidly expanding DEA's heroin task force members inside of Colombia.

Substantial progress is also being made in Mexico, the second really important country. Since President Fox assumed office in December 2000, much of the Federal policy and judiciary has been reformed, and over 6,000 drug traffickers have been arrested, including the head of the famous Arellano Felix Organization, and many other large leaders of the major drug trafficking organizations. Mexico's eradication programs against marijuana and opium poppy have been effective as well, and we are ahead of schedule this year, compared to last year.

The Fox administration has also been unafraid to go after corrupt officials in the government and military, as evidenced by sentencing general officers for aiding the drug trade in 2002, and in October 2002 arresting 24 individuals charged with leaking information on drug control activities of the Army, Federal police, and attorney general. Major challenges remain with the extradition of major traffickers to the United States from Mexico.

In Canada we are concerned with the following. It is a primary source of the precursor chemicals for methamphetamine, pseudoephedrine and ephedrine, and its production of marijuana, especially the high potency type along the northern border. The United States will continue to work aggressively with Canadian law enforcement agencies on organizational attack and border interdiction to disrupt both marijuana and methamphetamine markets.

In Afghanistan, the opium and heroin trade threatened U.S. interests by undermining the Afghan Transitional Authority headed by President Karzi, thwarting development of illicit economies, and providing financial support to terrorist organizations. The United States has been strongly supporting multi-level efforts led by the United Kingdom to disrupt these illegal drug markets in Afghanistan, and the President's acceleration initiative will include substantial new resources to do that.

In Europe we are concerned with the Netherlands status as the primary source of MDMA, or Ecstasy, consumed in the United States. The Dutch Government must increase its efforts to curtail

MDMA trafficking. We are also working on bilateral initiatives to support this goal.

In conclusion, it is notable that progress has been made to this point for disrupting the market, and efforts have been largely achieved concurrently and synergistically with the Nation's war on terrorism. There have been significant realignment of agencies, resources, and personnel over the last 2 years. For example, interdiction operators continue removing large amounts of cocaine and heroin despite asset limitations, and this is due primarily to much improved intelligence. Our efforts in Colombia are achieving success due to the bravery of President Uribe and his administration. They are committing an unprecedented amount of resources to the counter-drug trade and are following through with unprecedented actions to find and eradicate all of the coca and opium poppy we can find in Colombia. In Mexico, the courage and commitment of President Fox and his administration are producing reformed counter-drug institutions and reinvigorated organizational attack initiatives, and renewed resistance against the drug trades throughout Mexico.

Success in these areas will make a real difference in the availability of drugs in the United States. We will continue to fund these strategies that are working to keep the pressure up on our front, and we look forward to Congress' continued cooperation and steadfast support.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Crane follows:]



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, DC 20503

Testimony of Dr. Barry Crane
Deputy Director for Supply Reduction
Office of National Drug Control Policy

Before the House Committee on Government Reform
Subcommittee on Criminal Justice, Drug Policy, and Human Resources
"Implementation of National Supply Reduction Strategy"
September 17, 2003

Chairman Souder, Ranking Member Cummings, and distinguished Committee Members, it is a pleasure to appear before you to discuss the implementation of the international supply reduction elements of our National Drug Control Strategy. On behalf of the Director of the Office of National Drug Control Policy (ONDCP), and all of ONDCP, I would like to thank you for your continuing support for our national struggle against illegal drugs, the social devastation that they generate, and the terrorism that they subsidize.

Introduction

The National Drug Control Strategy outlines three clear priorities. Priority I of the *Strategy* is "Stopping Drug Use Before It Starts" by teaching young people how to avoid drug use because of the damage drugs can inflict on their health and on their future. Priority II of the *Strategy* is "Healing America's Drug Users" through the intercession and support of family, friends, and institutions such as employers, law enforcement agencies, faith communities, and health care providers, among others, to help those fighting substance abuse find the treatment that they need. Finally, Priority III of the *Strategy* is "Disrupting the Market" by considering the drug trade as a business. As the *Strategy* explains, drug traffickers are in business to make money. Through our interagency market disruption efforts, we seek to deny them that opportunity and thereby to reduce the supply of drugs to the United States.

I am pleased to report that significant progress has been made in our international market disruption efforts. There is good news to report in many areas, particularly with regard to our drug control activities in the critical countries of Colombia and Mexico. In Colombia, coca cultivation and production dropped 15 percent in 2002 – the first decrease in over a decade – and interdiction initiatives are forcing traffickers to change their smuggling methods. In Mexico, law enforcement agencies and military personnel have arrested over 6,000 drug traffickers since President Vicente Fox assumed office in December 2000, and marijuana and opium poppy eradication efforts are proceeding at a faster pace than in previous years. International cooperation on drug control efforts is also on the rise as reflected by promising bilateral and multilateral law enforcement activities in Canada, Asia, and Europe. U.S. market disruption activities in each of these areas will be touched upon in greater detail in this testimony, after an initial discussion of the market disruption framework which guides U.S. supply reduction efforts internationally.

Supply Reduction and Market Disruption

The National Drug Control Strategy applies market insights to achieve favorable results between the forces of supply and demand for illegal drugs. Dependent drug users are quite conscious of the price and purity of the drugs they consume, and producers, traffickers, and users adjust production, trafficking, and use according to market conditions. An effective, balanced, drug policy requires a supply reduction program to make drugs scarce, expensive, and of unreliable quality to alter this critical calculus of drug users.

Viewing the drug trade as a market reveals that it is not unstoppable, but rather is a profit-making enterprise where costs and rewards exist in an equilibrium that can be disrupted at critical thresholds which impact the drug market dramatically. The United States and our Allies seek to understand how the drug business operates and to locate specific market vulnerabilities that can then be attacked. Exploiting market vulnerabilities requires the identification of the business sectors and activities in which traffickers have invested the most time and money and received the least back in profits. Such sectors and activities may include the drug trade's agricultural sources, management structure, processing and transportation systems, financing, and organizational decision-making. Once identified, these vulnerabilities can be exploited, the efficiency of the business suffers, and the traffickers' investment is diminished or lost to the increasing costs of doing business.

For example, the key vulnerabilities of the cocaine industry include: the cultivation phase, which is attacked through coca eradication in source countries such as Colombia; elements of the transportation network, which are attacked through interdiction, seizures, and arrests such as those directed against smuggling via large fishing vessel in the Eastern Pacific; and the major trafficking organizations and their communications and decision-making processes, which are attacked through arrests, extraditions, prosecutions, seizures, forfeitures, and revenue denial activities such as those targeting major drug trafficking organizations in Mexico. The heroin and marijuana industries are less vulnerable than cocaine during the cultivation phase, but have similar transit and organizational vulnerabilities. Heroin trafficking is being attacked through airport interdiction efforts and bilateral organizational attack activities in Colombia. Marijuana trafficking is being attacked through border interdiction initiatives and organizational attack efforts in Canada and Mexico. The synthetic drugs industries present a different set of challenges, but often contain vulnerabilities in the supply chains for the precursor chemicals required for production. U.S. and Canadian law enforcement officials are targeting pseudoephedrine smuggling to undermine methamphetamine trafficking.

Every action that makes the drug trade more costly and less profitable is a step toward achieving the necessary conditions to break the stability of the whole market. Our efforts in Colombia provide a ready example. The United States and the Government of Colombia have developed a strategy which focuses on eradicating almost the entire illegal drug crop each year (despite replanting efforts), stopping financial returns by intercepting the flow of money, and intercepting and arresting drug shipments and the involved traffickers. This year the Colombians intend to spray all of the 145,000 hectares of coca crops, and all of the opium poppy that can be identified by informants, overflights, and technical methods. Together we have established task forces to eliminate the associated illicit financial flows, particularly those traveling through

Europe or the United States. Additionally, through interdiction operations last year, Colombian, Mexican, and U.S. authorities intercepted so many fishing vessels in the Eastern Pacific that the prevalence of smuggling from Colombia by that method practically ceased. Moreover we are also working with the Colombians to improve the technology used to intercept heroin trafficking through airports. It is the combination of these activities and the establishment of civil authority in remote regions of Colombia that will ruin the cocaine and opium poppy markets.

Many interventions are being pursued to attack the market vulnerabilities. In general, we seek to make drug production a high-risk enterprise for farmers and drug lab operators that provides less income; make it clear to major criminals and transporters that they are more likely to be arrested, incarcerated, and denied profits; and increase the costs of seizures, security, money laundering, loading and unloading, bribery, and the other expenses involved in the criminal enterprise to make it less attractive to those who supply illegal drugs to American consumers. More specific examples of drug market interventions include:

- The destruction or denial of a key manufacturing ingredient through eradication of coca in Colombia, Bolivia, and Peru and opium poppy in Colombia, Mexico, and Burma; and prevention of the diversion of the precursor chemicals potassium permanganate in Colombia and Bolivia and pseudoephedrine in Canada.
- The denial of unique or critical transportation links through focused operations which leverage intelligence and specialized interdiction assets such as armed helicopters to intercept and seize sufficient numbers of vessels involved in illicit drug trafficking to significantly reduce smuggling modes such as the use of fishing vessels in the Eastern Pacific and go-fast boats in the Caribbean; prevention of the air transport of drugs through the transit zone and other parts of South America with air bridge denial operations; and arrests of major drug trafficking organization leaders in Mexico.
- The substantial increase of financial costs associated with trafficking through financial attack operations targeting the repatriation of drug proceeds via the Black Market Peso Exchange in Colombia; and the prevention of profits returning to the drug business.
- The imposition of penalties that convince traffickers to leave or not participate in the illicit drug business through simultaneous attacks on multiple components and systems of major drug trafficking organizations which appear on the interagency Consolidated Priority Organization Target (CPOT) list orchestrated by the Organized Crime Drug Enforcement Task Force (OCDETF); and the extradition and conviction of significant numbers of drug traffickers from Colombia to serve long terms in secure U.S. prisons.

As highlighted in the above examples, our strategy for attacking the supply of illegal drugs focuses on market dynamics and treats drug trafficking as a business, albeit an illegal one. Our objective is to reduce the viability, profitability, efficiency, and attractiveness of the drug business by attacking its critical vulnerabilities, thus rendering sectors of the industry unprofitable and inefficient, sustaining the damage inflicted until entire illicit drug businesses fail. Since the primary reason traffickers at all levels participate in the illegal drug business is to make money, reducing profitability can drive these dramatic changes. The United States and our

Allies leverage this understanding to develop programs which aim to disrupt the operations of entire drug markets, focusing first on the critical threats posed by the markets in Colombia and Mexico, followed by the challenges presented by other illegal drug markets worldwide.

Collapsing the Market in Colombia

Roughly 90 percent of the cocaine entering the United States originates in or passes through Colombia. Colombia's illicit drug industry also fuels that country's terrorist organizations, which largely control the coca market and are increasingly involved in drug production and trafficking. The Colombian Government estimates that cocaine profits fund more than half of Colombian terror-group purchases of weapons and provide key logistics funding to that nation's illegal armies. Accordingly, U.S. Government policy seeks to support the Government of Colombia in its fight against drug trafficking and terrorism. Those entwined problems are especially evident in parts of Colombia east of the Andes that are underpopulated and lack a government presence. Most of Colombia's drug crops are grown in such areas, in which the rule of law is weak and government access is limited.

In the face of this huge challenge, there has been a revolution in the way that Colombia perceives the link between criminal and political terrorism, drug trafficking, corruption, and weak government institutions. Rather than meekly accepting these phenomena as facts of life, Colombia's President Alvaro Uribe is pushing back, both against the drug trade and the terror groups it sustains. Since President Uribe's election, Colombia has accelerated implementation of its drug control program, eradicating record levels of coca and moving aggressively in several areas to weaken criminal and terrorist organizations, establishing the rule of law in war-torn regions, and protecting the rights and security of Colombian citizens. Significant drug control gains in Colombia will require – and President Uribe has committed to pursuing – establishment of the rule of law in areas that are currently controlled by terrorists and are used to cultivate and produce illegal drugs.

President Uribe is expanding the ranks of the Colombian National Police (CNP) by 16,000 personnel in 2003, which will increase the total number of CNP personnel to 121,000. This expansion has facilitated the establishment of a permanent government presence in 77 municipalities that previously had no police. Permanent CNP units will arrive at another 80 municipalities by the end of this September. By the end of the year a security presence will be established in all of Colombia's 1,098 municipalities for the first time in the country's history. Significant pressure is also being applied by the Colombian military to collapse the illegal armed groups that protect drug trafficking in these remote areas, and there are indications that desertions from these illegal groups are on the rise as well.

With U.S. assistance, Colombia has established carefully screened, or "vetted," law enforcement task forces comprised of investigators, prosecutors, and support personnel with specialties such as asset forfeiture, money laundering, and human rights. Colombian authorities and their U.S. counterparts from the Drug Enforcement Administration (DEA) are also working to attack the Black Market Peso Exchange money laundering system, one of the mechanisms that enable Colombian traffickers to repatriate their drug profits. Moreover, bilateral organizational

attack initiatives are also proceeding under the Bilateral Case Initiative, and are yielding successes such as the effective dismantlement of Mario Joaquin Trujillo's organization earlier this year. Additionally, under President Uribe, Colombia has pursued an aggressive policy of extraditions to the United States, as demonstrated by his unprecedented extradition of a member of the narco-terrorist organization known as the FARC.

Aerial spraying is a major component of Colombia's strategy for fighting the drug trade and is the program with the single greatest potential for disrupting the production of cocaine before it enters the supply chain to the United States. Spray operations have the potential to cause collapse of the cocaine industry if the spraying is intensive, effective, and persistent. Replanting coca is expensive for farmers, in terms of both labor inputs and opportunity costs. Establishing a one hectare (2.5 acre) field costs between \$1,300 and \$2,200, depending on whether the coca is replanted in an existing field or if a new field is cleared from native rainforest. Coca seedlings typically take approximately a year to begin bearing harvestable leaf. Once mature, coca requires manual labor to pick and large quantities of chemicals to process into export-grade cocaine. According to estimates by the Institute for Defense Analyses, eradicating 200,000 hectares of coca would cost farmers \$300 million—costs significant enough to cause growers to conclude that cultivation is no longer an economical choice.

The Colombian cocaine industry is estimated to have the capacity to replant 100,000 hectares of coca each year. During parts of 2002 and the first half of 2003, the Government of Colombia's eradication rate has been on track to exceed this replanting rate in the coca-rich areas of the Putumayo and Caqueta Departments, but repeated sprayings over the next twelve months will be necessary in most areas to deter replanting even more. After the massive spray campaign that was conducted last year from August through November in the Putumayo Department, there was evidence that about 10 percent of the itinerant labor coca-farming population had left the area because the coca economy could no longer sustain them. In fact, between September 2002 and early 2003, coca cultivation decreased by 75 percent in this Putumayo growing region which was once the world's epicenter for coca cultivation. Overall, between 2001 and 2002 in Colombia, coca cultivation dropped by 15 percent and opium poppy cultivation fell by 25 percent, marking significant interventions against the Colombian drug trade.

Where eradication prompts movements of the coca labor force and newly arrived growers out of remote planting areas, alternative development programs managed by the U.S. Agency for International Development can help offset the potential disruptive effect on the licit elements of local economies. U.S. assistance is provided in areas where projects are economically viable and where there is enough government presence and security to ensure that the projects will be implemented for the benefit of legitimate production and democratic rule. These projects have benefited over 20,000 families, and have resulted in the production of nearly 16,000 hectares of licit crops and the establishment of 260 small infrastructure projects in former coca-growing areas. Continued U.S. support, for these and other alternative livelihood programs, strengthens the progress of market disruption efforts in Colombia and our ability to capitalize on current eradication success.

Aerial interdiction can also support the disruption of the illegal drug market in Colombia, and Colombia's capacity to implement this intervention will increase dramatically now that the

Air Bridge Denial program is back in operation. Although a majority of cocaine is now transported across the Andes by land, a significant amount moves by air. Stopping that flow will impose significant penalties on traffickers. Denying traffickers unhindered movement by aircraft will make it more difficult for them to collect coca cultivated in remote regions where air transport is the only efficient mode of transportation.

Interdiction of the offshore movement of cocaine from Colombia facilitates market disruption as well. There are hundreds of maritime shipments heading north annually from the Colombian coast. According to estimates contained in an interagency assessment of cocaine movement, the amount of cocaine detected departing Colombia's coasts destined for the United States over the past few years was divided roughly evenly between Colombia's North Coast (heading first for Caribbean destinations or to Mexico and Central America) and the West Coast (destined mainly for Mexico). So far this year, however, we have seen a sizable shift in the amounts of cocaine detected leaving from Colombia's West Coast to the North Coast, possibly as a result of the significant seizures from fishing vessels in the Eastern Pacific and the effective coca eradication in southwest Colombia mentioned earlier. Colombian traffickers have a significant investment in each shipment as it departs South America – as much as \$3 million per small boat – and while in transit to Mexico the loss of cocaine would be borne by Colombian organizations and their transportation specialists.

In general, small, speedy, "go-fast" boats are often employed for this movement due to their ease of launch from estuaries and small piers, and the detection challenge that they pose for interdiction forces on the high seas. However, in the Eastern Pacific, larger cocaine-ferrying fishing vessels are used to consolidate loads far off the Colombian coast, to continue the movement to Mexico. As noted earlier, numerous interdiction operations have resulted in the capture of an estimated 40 percent of the large fishing vessels which smuggle drugs in the Eastern Pacific during the past year, and in substantial reduction in the prevalence of the large-fishing-vessel mode of transshipment during the past quarter. Attacking go-fast movements in coastal waters holds the promise of rendering unprofitable or minimally profitable what remains of this key business sector of the cocaine industry.

The United States coordinates interdiction operations with the Government of Colombia to engage the offshore go-fast threat directly through all available means – including the highly successful U.S. Coast Guard armed helicopter detachments – while seeking to create a dedicated sensor infrastructure and establish a robust Colombian capability to interdict drug flows in their coastal waters. In 2002, the Colombian Navy seized the majority of the cocaine captured in Colombia, principally in operations focused on these coastal waters. In 2003, the U.S. Drug Enforcement Administration (DEA) has worked with the Colombian Coast Guard and the Colombian National Police to establish a substantial North Coast inshore interdiction capacity. A combination of U.S. Navy and Colombian Navy, Marine Corps, and counterdrug brigade efforts in the littorals of Colombia has pressured West Coast transportation operations in 2003 as well.

The United States is also working with the Government of Colombia to specifically address challenges associated with the regional heroin market. Opium poppy cultivation largely appears to have dispersed into smaller, more remote, areas following the Colombian eradication

efforts of 1999-2000. In response, new U.S. programs have been initiated to identify the locations of poppy fields and production laboratories throughout the Andean region. To counter the predominant mode of transportation for heroin to the United States – commercial aircraft – U.S. and Colombian authorities have instituted interdiction programs using X-ray machines in airports. Additionally, the Drug Enforcement Administration has started a heroin task force that works directly with Colombian law enforcement officials to attack the criminal organizations which support this trade. These efforts hold the potential to undermine the effectiveness and efficiency of the Colombian heroin market, and its overall ability to fuel heroin consumption in the United States.

Attacking Organizations in Mexico

Mexico continues to be the source and entry point of most illegal drugs that are smuggled into the United States. Mexico produces and ships to the United States over 5 metric tons (mt) equivalent of pure heroin; is the source of between 4,200 and 4,500 mt of marijuana; and is the producer of large quantities of methamphetamine. Mexican drug groups are also responsible for smuggling over 225 mt of cocaine across the U.S. Southwest Border. They control most of the wholesale distribution in the western and Midwestern United States and much of the illegal drug brokerage throughout the United States. In this context, the international criminal organizations based in Mexico control most of the cocaine broker-level distribution to the United States; a majority of methamphetamine production and distribution; and a major portion of marijuana distribution.

The situation in Mexico is both a great challenge and a great opportunity which offers more hope than at any time in many years. Upon entering office, President Vicente Fox recognized that his vision for a prosperous Mexico had no place for institutionalized drug cartels and the corruption and lawlessness they foster. He has taken serious action against them, targeting the murderous Arellano Felix Organization, among others. President Fox has also strengthened law enforcement cooperation with the United States and has begun the process of reforming dysfunctional and sometimes corrupt institutions.

As a result of this renewed commitment to countering the illicit drug trade, since President Fox assumed office in December 2000, Mexican law enforcement agencies and military personnel have arrested over 6,000 drug traffickers. The most notable recent arrests include:

- The January 2002 arrest of Arturo Guzman Loera, the brother of Joaquin “El Chapo” Guzman (who escaped from a Mexican prison in January 2001) and ten members of Guzman’s organization. Officials continue to seek the re-capture of Joaquin Guzman.
- The March 2002 arrest of Benjamin Arellano Felix along with Miguel “El Tarzan” Herrera Barraza, a lieutenant and chief of operations and logistics in the Arellano Felix Organization.

- The May 2002 arrest of Albino Quintero Meraz, a top lieutenant in the Gulf Cartel. He had also worked for the now-incarcerated Quintana Roo Governor Mario Villanueva.
- The January 2003 capture of Jaime Arturo Ladino Avila alias "El Ojon." Authorities considered him to be the main money launderer for the Amezcua Contreras brothers, the presumed leaders of the Colima Cartel.
- The March 2003 arrest of reputed drug lord Osiel Cardenas Guillen after a shoot-out in the border city of Matamoros. Known as "El Loco," Cardenas controlled smuggling through Matamoros, Nuevo Laredo and Reynosa. He was a key facilitator for the Gulf Cartel, which controls the flow of tons of marijuana, cocaine and heroin from Mexico's eastern coast into the United States.
- The August 2003 arrest of Armando Valencia, a major operator along the U.S. border with contacts in the Juarez and Tijuana cartels.

The United States and Mexico continue to improve their ability to succeed against a very serious drug threat to both countries. The Mexican Attorney General's Office (PGR) and the military services are targeting the leadership of all major drug trafficking organizations, with the goal of disrupting their production, transport, and sale of drugs. The PGR's newly formed Federal Investigative Agency (AFI) and the National Planning, Analysis, and Information Center for Combating Crime (CENAPI) have developed more investigators to collect and analyze information on drug trafficking and other organized crimes. An example of the continued U.S. support to these Mexican counterdrug advances is the provision of document exploitation software and training on its employment from the U.S. National Drug Intelligence Center (NDIC) for these investigators' use along with computers supplied by the U.S. Embassy's Narcotics Affairs Section.

The Fox Administration has also sought to increase the business costs for traffickers in several other ways. Mexico maintains a very effective and intensive eradication program against marijuana and opium poppy, which in combination with a drought in 2002 produced a 40 percent drop in opium poppy cultivation. Mexican marijuana eradication in 2003 is on track to surpass corresponding efforts in 2002, and poppy eradication proceeds ahead of last year's pace as well. Interdiction efforts against marijuana and cocaine continue to improve as well; Mexico has devoted more funds to interdiction and has restructured its institutions to increase interdiction capacity and to more effectively stop the flow of drugs. Finally, the Fox Administration has been unafraid to go after corrupt officials in government and in the military, as evidenced by the sentencing in November 2002 of two general officers accused of aiding the drug trade, and the arrest in October 2002 of two dozen individuals charged with leaking information on the drug control activities of the army, federal police, and the Attorney General.

Cooperation with Canada

Although the United States enjoys an excellent level of bilateral cooperation with Canada, the United States Government is concerned that Canada has become the primary source

of the pseudoephedrine and ephedrine precursors for vast amounts of U.S. methamphetamine production. Canada is also the source of at least 400 mt of marijuana annually, with the amount of high-potency marijuana exported to the United States increasing each year. Hydroponic hothouse operations in Canada produce much of this high-THC-content cannabis, and Canadian law enforcement officials have even seized a few aeroponic installations, where plant roots are suspended in midair and are sprayed regularly with a fine mist of nutrient-enriched water. Moreover, reports from the Royal Canadian Mounted Police (RCMP) indicate that Vietnamese groups may have mastered organic methods that rival the more technical means.

Until recently, the Government of Canada, for the most part, has not regulated the sale and distribution of precursor chemicals. The regulations promulgated earlier this year by the Government of Canada to restrict the availability of pseudoephedrine and other precursor chemicals, while a step in the right direction, could be stronger. Notwithstanding Canada's history of inadequate precursor chemical controls, Canadian law enforcement agencies continue to work energetically to support our bilateral law enforcement efforts. The recently completed Operation Northern Star between DEA and RCMP is one such joint effort, and it resulted in the arrest of over 65 individuals in Canada and the United States for their involvement in illicit pseudoephedrine trafficking. This operation also seized 14,000 pounds of pseudoephedrine, which could have yielded 9,000 pounds of methamphetamine with an estimated street value of up to \$144 million. Organizational attack initiatives such as these, focused on key precursor chemicals, directly support the disruption of the methamphetamine market.

While the United States and Canada may follow different courses to address the marijuana threat, the cooperation between, and efforts of, U.S. and Canadian law enforcement officials in this area remain strong. Canadian authorities destroy over one million marijuana plants annually (the equivalent of roughly 200 metric tons of marketable marijuana). U.S. agents collaborate on Organized Crime Drug Enforcement Task Force investigations such as Operation Northern Comfort, which has yielded 34 arrests and the seizure of over \$1 million in currency associated with the trafficking of marijuana from Canada to the United States by members of the Hells Angels Motorcycle Club. The United States will continue to work with Canadian law enforcement to develop organizational attack and border interdiction initiatives to disrupt the marijuana trade.

Developments in Asia and Europe

The market for illegal drugs is global in scope. The world trade in cocaine now includes significant satellite markets in Europe, with more than 200 mt flowing to European countries each year. Consumption of Asian-produced heroin is also widespread throughout European Union nations. The Netherlands is the source of the majority of the U.S. supply of MDMA/Ecstasy. Any market-based understanding of the drug trade must account for the operation of these markets, which, if left unfettered, have the capacity to buffer more immediate U.S.-led efforts to disrupt the drug trade in the Western Hemisphere.

In Southeast Asia, China and Thailand have exerted significant pressure on Burma, which combined with drought conditions has yielded the smallest opium poppy crop in that country

since 1985. However, in Afghanistan the state of internal disruption immediately following the fall of the Taliban has brought with it renewed poppy cultivation and a partial rebounding of opium production. While the bulk of opium poppy cultivation used to be contained in a few high-density growing areas, the limited impact of United Kingdom-supported eradication in 2002 has enabled poppy cultivation to spread to more remote, but less productive, growing areas as traffickers attempt to avoid scrutiny. These recent increases have returned Afghanistan to the dubious distinction of world's largest opiate producer, however production levels remain roughly half of those observed during the record years of 1999-2000. Prices for opium and heroin products are relatively high in the Asian and European markets which Afghan production principally supplies.

Although Asia is no longer the major source of the heroin used in the United States, the Afghan opium and heroin trade does threaten U.S. interests by undermining the Afghan Transitional Authority headed by President Karzai, thwarting the development of a licit economy, and providing financial support to terrorist organizations. For these reasons, the United States strongly supports multilateral efforts led by the United Kingdom to disrupt the illegal drug market in Afghanistan through regional cooperation, interdiction, law enforcement, eradication, and alternative livelihood programs. As part of the President's current \$1.2 billion acceleration initiative, we are focusing more on the law enforcement element of our reconstruction strategy, including standing up counternarcotics police units in the major drug growing and trafficking areas. Greater emphasis is also being placed on increasing funding for alternative livelihood projects in the poppy-growing regions in order to dismantle the opium economy in rural Afghanistan. We also support the recently established Counternarcotics Directorate in Kabul and its efforts to expand its operations to the provinces in support of the implementation of the comprehensive Afghan National Drug Control Strategy.

In Europe, increased demand for cocaine has led to increased cooperation between the United States and concerned countries such as the United Kingdom, Spain and the Netherlands. Yet of particular U.S. concern is the alarming increase in the quantity of illegal synthetic drugs – especially MDMA/Ecstasy – which is entering the United States from Europe. The majority of the MDMA consumed in the United States is manufactured clandestinely in The Netherlands, and both governments regard MDMA as a serious threat to their citizens. Over the past year, the Dutch Government has attempted to increase its own law enforcement efforts to curtail MDMA trafficking; we are now working with Dutch authorities to stop the production and export of MDMA through bilateral initiatives.

Senior officials of the Dutch and U.S. governments met in The Hague in March 2003 to discuss means of strengthening cooperation against international crime, narcotics trafficking, and terrorism. The delegations agreed on a number of specific steps to bolster operational law enforcement cooperation, ensure continual progress and improve judicial coordination and communication, with particular emphasis on combating terrorism and on countering the production and trafficking of the synthetic drug Ecstasy/MDMA. Among other measures, the United States and the Netherlands agreed to explore the possibility of forming joint investigation teams aimed at identifying and dismantling major international narcotics and other criminal organizations. The United States supports these and other international initiatives to attack the

MDMA threat at its source, while increasing our own capability to interdict MDMA at U.S. ports-of-entry.

Conclusion

We are currently taking advantage of an unprecedented opportunity to seriously reduce the availability of illegal drugs in this country by focusing efforts on the drug trade's vulnerabilities and on the key countries – primarily Colombia and Mexico, and to a lesser extent Canada and The Netherlands – that are involved in the production and movement of most of the drugs destined for the United States. The inauguration of President Uribe has ushered in a new level of Colombian commitment and dedication to eliminating illicit coca production and the income it provides for terrorists and international criminals.

President Uribe has committed an unprecedented level of resources, and has enabled Colombia to eradicate most of the coca in the Putumayo region during the last quarter of 2002, and he intends to spray all of the 145,000 hectares of coca and as much opium poppy as the Colombian government can locate with the help of informants, overflights, and technical methods. This rate of eradication – coupled with the credible threat to continue it indefinitely – has the potential to destroy existing large-scale coca production, to convince farmers that coca production is not worth the risk, and to reduce replanting rates. If this aggressive pace is maintained, the end result will be significantly reduced cocaine production, decreased availability in the United States, and significantly decreased financial support for terrorist organizations. To accomplish these objectives the United States must continue to help Colombia achieve the security it needs, provide aerial spray support, support Air Bridge Denial efforts, and help with training and intelligence for law enforcement and interdiction forces.

Similarly, in Mexico we have an opportunity to help President Fox as he continues his progress in reforming counterdrug institutions, moving directly against the leadership of major drug trafficking organizations, and disrupting drug production, transportation, and money laundering networks throughout Mexico. The Colombian cocaine and heroin threats are being engaged in a proactive and strategic fashion, and the Mexican marijuana, heroin, and methamphetamine threats are being attacked as well. Success in these areas will make a real difference in the availability of drugs in the United States.

This year promises to be a pivotal one for our strategy against drugs, both in terms of reducing U.S. consumption, and of disrupting illicit drug markets internationally. It will be a crucial period for our relationships with our partners in these efforts, especially the leadership in Colombia and Mexico who are aggressively confronting the drug threats in their countries.

We must continue to fund the strategies that are working, and keep the pressure up on all fronts. We will continue to assess our efforts and to report our progress to the Congress. We look forward to your continued cooperation and steadfast support as we work to disrupt illegal drug markets worldwide.

Mr. SOUDER. Thank you for your testimony. And the first round of questioning here, what I want to focus on a little bit, and first let me say one of the important things that we need to do in this committee on the floor is show that when there are successes, that we talk about those successes, because those who would end our anti-narcotics policies, or greatly reduce them, love to talk about the failures. In Colombia we have actually made some progress, and it is important that we talk about that progress; and in Mexico, compared to when I first came into office in 1995, where we were not getting much cooperation, we are at least getting more cooperation from Mexico.

That said, we are kind of disappointed with how much reduction we have had in the United States, and in continuing to try to figure out what we need to do, we have a series of questions related to that. Let me first start with some questions, because while we have broad oversight authority, our direct responsibility is with ONDCP. And in choosing to focus on this agency and have an agency that was, in particular, trying to coordinate what was a highly scattered anti-narcotics policy, the thought was that while you might not have line authority over other agencies, you could have an impact on that. So while it is helpful to know progress that we have and get status reports as we get from the different agencies, I have some very particular questions for you in your role in counter-narcotics efforts, and that is could you give a little bit some direct examples, not just in general, but some direct examples of how your role works with the State Department, the Department of Defense, and other agencies in trying to steer them in the counter-narcotics interdiction efforts? In other words, not just talking to us or the media, but what do you do in your job to foster coordination between the agencies and to say, look, Department of Defense, which is one of the examples right now, you are backing off of some of your narcotics efforts; you need to step that up.

Mr. CRANE. Thank you for that question. Essentially my job is to do the policy, but let me describe just in brief how that works. The President has pretty well lined out exactly what he wants done, and we have decision directives to do that. We have implementation guidelines and we run routine meetings to resolve these issues. To date there have been many issues that we have resolved. When we can't resolve them, we basically escalate them up the policy chain for decisions at a higher level. To date we have gone through almost all of the President's decision criteria that he wanted on the thing. We have reasonably good cooperation from the different agencies. In fact, we have gotten good cooperation and we have been able to solve many of the problems, like command and control, and get that settled. We are now pretty much in a final phase of wrapping that up in the next few months and giving a report back to the President of how well we have executed these directives. So that is basically, with respect to how we organize the U.S. Government.

You also realize that I have a secondary role, an important role, which is to take that message to important allies and put a lot of pressure on them to work better with us. We have gotten the Air Bridges restarted in Colombia, we have the counter-narcotics CD brigade engaged in combat a lot more effectively, we have gotten

more efficient operations against the fishing trawler East Pack. Many examples I think have been successful.

Mr. SOUDER. Have you expressed concerns to the Department of Defense about JIATF and how they are going to coordinate that, and their public statements that they are going to downgrade some of their narcotics efforts?

Mr. CRANE. What we have done is solved that problem, as far as I can tell. We are going to realign it much more efficiently in the command and control, and I think that is done. I am not sure it has been officially announced, but that has been completed. We have agreement among all the combatant commanders and so on how to do this, so as that comes out we will certainly inform the committee. But that is, as far as I can see, well under control, and we will report back to the President we have gotten that done.

Mr. SOUDER. And in the Department of Homeland Security, one of our concerns is reorganization of the border, because many of these narcotics agencies are organizations that dealt with immigration and narcotics, so all of a sudden, under Homeland Security, have a slightly different mission. And the question is, for example, my understanding in the Coast Guard is that any time there is an orange alert, they are pulled back into port and they are no longer there for interdiction efforts. Are you involved in those kind of questions, and have you expressed concerns to the Department of Homeland Security about their reduction in their narcotics mission?

Mr. CRANE. Absolutely, sir. We have been able to work closely with them. As far as I can tell, and I looked at this over a 10-year period, even though we account for these, performance has actually gotten better over this time; the seizures have gone up. If you go back to 1993, we have about maybe a third of the hardware, but much more efficiently used. So I think the taxpayer is getting a lot better use for the dollar. The primary reason for this is a lot better coordinated intelligence among the agencies.

But the second thing we recognized, some of the threats, for example, the go-fast boats were particularly difficult. What has been deployed is specialized apprehension units with the new MA-68 helicopters. Those are designed specifically to go after that. So as far as I can see, the interdiction effort has proceeded pretty well, even in spite of the orange alerts, and the Government has done a good job, we have an executive branch causing substantial damage.

The most notable success I think last year was we interdicted sufficient number of the large fishing trawlers in the Eastern Pacific, so that is pretty well diminished as a threat. We are still, of course, facing the go-fast threat, and we are still working on that.

Mr. SOUDER. So in a direct answer to the question, you have expressed concerns to Department of Homeland Security about that, or you are satisfied with what they are doing and you let them do their own thing on that?

Mr. CRANE. Well, both. What we try to do is organize it so that we don't have such a big impact. In the first orange alert, of course, more was impacted, but now a lot of the deep water cutters don't necessarily go back to port. But the important thing is that this is taken into account every time, to balance that in a proper way. So

while there is a concern, I haven't noticed a difference in performance. And the way I look at it as a policy grower, I don't want to get into every little detail of each department, but what I do want to do is hold them accountable for doing the best they can.

Mr. SOUDER. Do you think part of your role is to say, for example, we are catching on a small percentage of go-fast boats. I think the specific what we learned, our staff, in the direct briefing is that out of 396 cocaine-laden go-fast shipments estimated by our Government, we caught 59; they average 1,500 kilos of cocaine. That means while we seize 88.5, 594 made it through. So do you then go to these agencies and say, look, this is unacceptable, we are supposed to be reducing this. What can we do? You need these kind of things; we need to make budget requests for these kind of things. Not all this has to be, I understand, in the same administration, this is an awkward question, but what we need to know out of ONDCP, because you are the primary anti-narcotics advocates, are you going to these agencies and pushing to say, look, part of your job is to say, look, this is the area that I am supposed to be watching; we are not improving our efforts fast enough here.

Mr. CRANE. Well, let me discuss that a little bit. I knew there was a great concern about that, and the best I could discover is our performance against these targets and the ones that we don't necessarily get each year, I can't find a substantial difference looking at this. Now, I realize these are ones that were actionable that you could actually get. It is my understanding, when I went back and looked at it, there are always hand-offs and there are always some missed, and when I went back over time, we are actually doing, percentage-wise, of the ones we actually get the intelligence on and get, better than we did, say, 10 years ago, and that has been steadily improving.

In 2000, when we looked at this question, we recognized that they are quite difficult to detect, so we went to this disrupt the market strategy and primarily emphasized arresting them. So what we recognized was probably not possible or difficult to capture or seize enough of the go-fast, but what we do is we went to these specialized apprehension resources, where we could arrest all the crews, and the objective was to deter their operation, actually make them quit. We have had some successes in some theaters of those operations, example, the fishing vessel. The go-fast threat in the Western Caribbean in 1999, for example, we were able to mount enough resources and intelligence so they diverted that operation. So as far as I could tell, and I went back and looked at this pretty careful, and talked to Admiral Sirois specifically about this, that our performance is still about that level.

Now, a lot of this my guess is we couldn't get many of these, we weren't able to execute against them, so we have to have ability to attack, but what we did was to overcome our deficiency in how hard these are to detect and changed our strategy, which is basically try to arrest all these people so that the ones we would get would make them quit. So this is the current strategy we adopted in 2000. So this is the best, as I recall, and that is the one we are trying to go. We would like to have them quit their operation, or substantially diminish that. So seizures aren't the total answer

here; we also look at arrests and how many of that we get. So as far as I can tell, sir, they have been doing very well on this.

Now, the go-fast are our remaining problem, we have not been able to get enough of them to stop that threat everywhere, and that is what we are focusing on right now with these specialized assets.

Mr. SOUDER. Mr. Cummings.

Mr. CUMMINGS. Dr. Crane, I think it is a reasonable conclusion that your efforts, or at least two goals of all of these efforts that you talk about with regard to supply reduction is to reduce the cost of drugs on the streets in the United States and to reduce the supply. Is that accurate?

Mr. CRANE. Yes, sir, those are my responsibilities.

Mr. CUMMINGS. OK.

Mr. CRANE. The supply and keep it from the street, yes, sir.

Mr. SOUDER. I think you meant to say raise the price on the street.

Mr. CUMMINGS. Yes, that is what I meant. Thank you.

Now, are we doing that? Are we having that effect?

Mr. CRANE. If you look at over the last 5 years, and if you look at, for example, cocaine, in the last 5 years, if you look at the price per pure gram of cocaine from DEA data, yes, we did raise the price somewhat. Now, one of the unusual things about the drug market is the way the drug traffickers adapt to interdiction or supply reduction is they lower the purity of the drug. So when they do that we get a benefit, because we get less people dying from overdoses. But the other thing is the way they adapt is they lower the purity of the drug, so what tends to happen is if you don't adjust for this purity, you get sort of a constant price, and the way that I believe that supply reduction will ruin the drug business is it will ruin the quality of the drug to the point where people won't buy it. It will not raise it to the price, for example, it was in 1980 because there many of the components of the price came from extremely high prices in Colombia and Peru in those days, and we won't see that again. So what we have seen is a decline in the quality of the drug, for example, cocaine.

Mr. CUMMINGS. Now, you just said something that I found very interesting. You said that one of your hopes would be that at some point the purity would be so reduced that people would stop buying it. Is that what you just said? Because we are talking about addicts.

Mr. CRANE. There are two kinds of users, the non-addicted user and the user. So in the addicts, yes, it would reduce the quality of the drug. That is one of the things we have observed, especially since 1995.

Mr. CUMMINGS. But what I am saying to you is if you have an addict who needs these drugs and would kill their mother to get the drugs, just because the purity is reduced, and I may be wrong about this, it doesn't seem like it would necessarily cause them to stop purchasing the drug. They would either try to find another source, which may be, if it is in the same area geographically, it may be the same purity, or they will probably use more. I mean, is that a reasonable conclusion?

Mr. CRANE. I don't believe so over the long run. We know a lot more about cocaine than some of the other drugs. You know, we

had a lot more of a cocaine problem in the western United States than we do today, and we have a lot less of a cocaine problem in the western United States than we do today. So there has been a trend away from this over time. So if you ruin the quality of the drugs, and effectively raise the price, make it quite costly for the drug traffickers, you will in fact, over time, reduce the potential of use of this. We have seen this in parts of the United States.

Mr. CUMMINGS. Do we have data or reports that show that?

Mr. CRANE. I believe so.

Mr. CUMMINGS. Would you mind getting that to the committee, please? I would love to see that.

[The information referred to follows:]

Data provided by: ONDCP National Drug Control Strategy; Data Supplemental 2003 reference.

Table 1: Cocaine Chronic and occasional users have declined 77% between 1985 and 2000 as follows:

1985	12.8 Million
1990	5.4 Million
1995	4.0 million
2000	2.94 million

Overall drug use fell by 2000 from 25 million to 15 million during this period.

Table 3: Cocaine Chronic and occasional users have declined 42 % since 1988 as follows:

1988	9.98 million users
1991	6.8 million users
1996	6.2 million users
2000	5.7 million users

More current data is available by looking at a yearly corporate cocaine testing if the general work force. About a 7% sample of 100 million workers which declined about 46%. Drug fesibility showed a positive rate of 1.2% for cocaine in 1995, .85% in 1997, .8% in 1999, .67% in 2001 and .65% in 2003.

In the Western United States cocaine routine testing declined from about 1% to .38% since 1995 to the present.

Mr. CUMMINGS. Let me ask you something with regard to eradication, with regard to these peasant farmers. Are we giving them alternatives? Because that seems to be a major source of income for those who have so little. And I guess they are willing to take the risk, but what are we doing to give them alternatives?

Mr. CRANE. Well, we have a balanced program which provides alternatives in many areas. One of the programs of President Uribe is to put basically wards in some of these areas, to rebuild the forest in some of the drug-decimated areas in Southern Colombia. But in some areas you just don't replace their agriculture; in some areas you give them different kinds of jobs. So we have a broad range of programs to try to make their life better to support these efforts through the agency of international development.

Mr. CUMMINGS. Examples? I am just curious. I mean, you have people who are probably making a fairly decent living, and people get used to that living growing these plants, and then we come along and, believe me, I have no pity for those who produce products of death, but we come along and we destroy that way of life, and I am just wondering what kind of jobs and to what extent do we get them? I mean, I am just curious. You said that we have a balanced approach, so give me some examples of what we are doing.

Mr. CRANE. Well, the one example I gave in the areas that used to be forest in the Putumayo where they were growing, many of the people moved in there to profit off the drug industry from other areas. Now, many of those people have left because the drugs aren't there. We haven't had any big catastrophe in this area to date. Second, President Uribe has established some programs to re-establish some of these forests, and we have been supporting those programs. In addition, we have been trying to put in more development in the towns themselves, more of the kinds of things where you could have a legitimate economy. One of the great tragedies in any of these areas is the drug economy drives out all the legitimate ones, and it takes some time to re-establish. So it takes some time, but we have to do that. The drug economy is not one which anyone would want to operate under, I mean, it is ruled by violence and fear, and it creates really a pretty terrible situation for the person. So these programs take time, but they are underway.

Mr. CUMMINGS. Let me just go back to one other question. When you measure your success, when you and the people that work with you get together and the thing that gets your adrenaline pumping and you just get excited and want to just jump up and down, what is that? What is that? How do you measure success?

Mr. CRANE. Well, let me give just an example, a concrete example. With the support of this committee and many of the Members here, we have put a pretty big program to try to get things going right in Colombia. That is about to pay, I believe, a pretty good sized dividend. The way the drug market will be ruined there, it won't just be ruined a little bit at a time; there should be a large change in the drug market, once you get to some critical level. Now, I believe we achieved that beginning about Christmastime, that is, where we could take out the drug industry at a rate faster than they could reconstitute it. There will be some point, we hope, where there will be a big change in the system. Now, this is where

there will be a lot of benefits to America and the rest of the world. So our goal is not simply to make little changes, but to try and ruin the whole business. That is why this disrupt the market strategy was developed.

Mr. CUMMINGS. You spoke earlier in your testimony about how the government has now been able to find these people I guess in the police force and wherever who are divulging information.

Mr. CRANE. Right.

Mr. CUMMINGS. Did you mention that?

Mr. CRANE. I mentioned Mexico. Let me talk a little bit about Mexico, because we have seen some dramatic things there. The commitment of President Fox, with our Government, too, has been one in which they begin reforming really the police, take the corruption out of there. There have been some remarkable changes. The most visible evidence of this is the arrest of a lot of the big cartel leaders in Mexico. And the really serious efforts by the Government of Mexico to gain control of the border cities, to get them back under control of the Federal Government, and to clean up a lot of the corruption. Just last year, I mean, they have completely revamped their Federal police, their drug police, they are reorganizing them, and I don't want to mention names, but there are certain individuals there that really get the job done, and they have been putting them in charge. This is very important to the United States, and so we are putting maximum effort on that, because we would like to see, during the current administration, that we get as much out of that we can and consolidate all of those gains. So there has been a lot of progress in Mexico, remarkably so.

Mr. CUMMINGS. The chairman said, when he first started, that we ought to be talking about successes, and I agree with that, I mean, because what is happening is that a lot of people know we are spending a lot of money, and the American people want to know that we are getting results and we are spending their money effectively and efficiently. And so, you know, the victories are very important to us too, because when those victories are not presented, and if the Congress doesn't know that we have those victories, it doesn't help you at all, because what happens is that they begin to say, well, you know, since we have all these priorities, let us shift money from one place to another and not let it go there, but let it go somewhere else.

Mr. CRANE. I would be happy to comment on that, because I would like to put it in a longer strategic perspective. Let me just start when we started this, really about 10 years ago, in the early 1990's, or even earlier than that. Bolivia was the primary source of cocaine originally. We put programs in there; we have done a lot to that. They were mainly air trafficking to Colombia; that pretty well stopped. The second big success is we got into Peru. And you can think of this as sort of a campaign, where we eliminated each of these countries and now we are focused on the final piece of this, Colombia, which is difficult. Peru had much more cultivation than it does today. Those things succeeded. In the early 1980's, for example, over 1,000 airplanes carried drugs and landed in the United States. Today very few do that. So the air transportation threat has diminished remarkably.

Now we are in the sort of final phase here, where we have, because of the committee and the Congress is working, we have sufficient assets to cause a lot more damage. We now have them in place in Colombia where they can do some good. But you had to get to the sort of critical number, and we are now at that level. So the hope is we can do a lot of damage, for example, to cocaine and also heroin in the Andes. That is our goal. With the synergistic effects of President Uribe trying to establish authority over all the municipalities, I think he is planning to have by the end of the year a government in every one of the municipalities in Colombia, we will now be able to put some legal forces and try to stop these drug businesses. So we are looking at a very positive situation, and we need to make sure that we carry through to the final.

Mr. CUMMINGS. Thank you very much.

Mr. SOUDER. It has been the consistent approach of this committee that it isn't just about interdiction or eradication or enforcement or treatment or prevention, but that if we couldn't get control of some of the cheapness and the purity that was coming in, we were just overwhelmed at the State level and local level. But one of the things that we are focusing on in this 2-year cycle is trying to do a complete analysis of the treatment problems in the United States. We are trying to get the ONDCP through, which is our primary efforts of national ad campaign, as well as the HIDTAs with local law enforcement, as well as giving technology to local police forces, which are things that are on the ground in the communities. And, in fact, if we look at the Colombia effort, even if we succeed in a major hit on that, it is going to give us about a 2 or 3-year window in the United States to make some progress, or it will just go right back again, because that is that fungible in a relationship.

And if Members haven't noticed, one of the things we don't have this morning is a clock. We just moved back into our offices Monday night and Tuesday, and didn't have the little lights. So if it gets too long, I will tap, but we are in no particular rush here with one witness.

Congressman Carter.

Mr. CUMMINGS. And I thank you for not tapping me.

Mr. SOUDER. I know better.

Mr. CARTER. Dr. Crane, I apologize for coming in late. I have a history of being a trial judge for a long time in Texas, and I live on I-35, which is, by most estimates, the No. 1 pipeline from Mexico to the East Coast and the Midwest. We estimate that we stop about 1 in 20 mules moving from Mexico to the north, and we are pretty aggressive on this stretch of I-35. It sounds like the same numbers are probably approaching what you are dealing with when you are dealing with shipping. Would that be a fair estimate?

Mr. CRANE. I think, to be fair, one has to look at the whole thing. We get a substantial amount inside of South America; we seize it, besides this eradication. We interdict on the Caribbean Sea; we go after airplanes, ships. I think we get a lot. If you take a look, I could go through it, but we could look at the U.N. data; we probably get, when you integrate it all, probably more than half of it. But, again, you know, these numbers are always questionable. But cocaine actually is one of the areas we probably seize a substantial

amount. But we can certainly get you the exact numbers for that, particularly integrated over the whole thing.

Mr. CARTER. You know, what we are dealing with is a wide variety and assortment of drugs that move up and down Interstate 35.

Mr. CRANE. Right.

Mr. CARTER. One of the things that has concerned me in having to deal with this, when you deal with it in the courthouse, it seems like, you know, an almost bottomless pit of dealing, from the people that are users that you get for possession, you put in prison or you treat them or you do something. It is a huge cost of resources for this country. And I don't have any numbers, you might have a number, but I would estimate that substantially more young Americans are dying from the drug trade in the United States than are dying in any war that we are fighting anywhere in this world. Would you say that is a pretty fair estimate?

Mr. CRANE. I would say that is probably a fair estimate.

Mr. CARTER. Because daily hundreds of young people die.

Mr. CRANE. Oh, I don't know about daily hundreds of young people, but I do know that over the year the substantial number of people die from illegal use of drugs. That is why we take serious action. If you look at it historically, 10 or 15 years ago, it was a worse situation than we have today. We have actually made some reasonable progress. The United States is one of the few countries the United Nations cited as actually making substantial progress, so you can see that in their most recent World Drug Report. But I do realize that at the local level it can seem overwhelming. I can't actually comment directly on your district, but what I can say is that we have to have an integrated campaign from one end to the other and try to damage it.

Mr. CARTER. Well, I can only operate from my own personal experiences, but if you make it hard enough on people, and if we are going to call this a war on drugs, if we are at war with people, then we do whatever it takes to get the job done, and we don't coddle the people and we don't say, you know, you have been a misunderstood child, you know, you have killed our kids and you are ruining our economy and you are hurting our people, and, therefore, we are going to punish you, and we are going to severely punish you. We take that policy in the little county that I am from. We have the lowest crime rate in the State of Texas.

Now, do you feel that what happens to these people when we interdict and catch them is harsh enough to keep them out of this very lucrative trade, or do they just serve their time, 22 months, and get right back in the trade?

Mr. CRANE. From my perspective, and I will speak about the famous situation in Colombia, the famous quotation of Pablo Escobar, the leader of one of the big drug cartels in Colombia, that, you know, a grave in Colombia was better than a jail cell in the United States basically. So we very seriously harshly treat these people and incarcerate them for long periods of time. We extradited record numbers of them in Colombia. So we are doing this, and it is very serious. And many of the ones we have interviewed in the jails were surprised at the severity of the sentences.

Mr. CARTER. That is what I wanted to know.

Mr. CRANE. We do go after them seriously, and this is a very serious matter for the President in all of our behalf, and there are very serious penalties. We have been putting a lot of them in jail for the rest of their lives or for very long periods of time.

Mr. CARTER. Excellent. That is what I wanted to know. Thank you.

Mr. SOUDER. Mr. Ruppertsberger.

Mr. RUPPERSBERGER. First thing, Dr. Crane, I agree with your focus on looking at the whole drug situation as a business. Congressman Carter was a judge; I was a prosecutor specialized in Title IIIs and a lot of drug work, and if you are getting them in the pocketbook, that is where it makes a difference, and I hope we can move forward.

My biggest concern, and it is a concern that you didn't express today, but I would like to explore it a little bit more, is the issue of taking the resources away from our drug interdiction, what we have done throughout the years and the good results that have been obtained, and taking the resources away from there and putting them into terrorism. Now, I believe we need to put the resources into terrorism, but we shouldn't be taking them away from the drug area.

Now, let me give you some examples. I am on the Intelligence Committee, and a group of us went to Asia, and one of the areas that we went to was Thailand. And we went into the upper areas right at the border next to Burma, and we were briefed. And, you know, it is always great, you sit here in committee and you hear different testimony, and not that you are, but some people are very reluctant to say anything because they are concerned they might get in trouble or whatever it is. Sometimes that is very frustrating. But when you go to the front line, you see what the real deal is. And what we got, not in Thailand, but in some other areas, is that you have some very dedicated front-line DEA agents, and they don't have the resources; where they used to have maybe six or seven, you have one or maybe two. Now, they have become advisors to the Thai police, military, and things of that nature, but after hearing what they say and what their issues are, it seems to me they are almost on top of it.

As you said, we are getting better, we are getting more sophisticated, we are cooperating and developing better relationships and training other governments to deal with the issue, but it seems to me that by taking away those resources, it could blow. As an example, Burma, which, as you know, they have a quasi-military that protects the people that come in through the trails from Burma to Thailand, and just the day we were there, there was a big gunfight between the two groups; I think 10 people were killed, and thank goodness the bad guys, not our side. But, you know, there could be a real issue if we don't really re-evaluate and stop saying we are fine, we are good. We are looking for money everywhere, homeland security, whatever it is. Whatever the issue is, we have money issues, and we can see different agencies everywhere, including Department of Defense, trying to deal with the issue of money. So what I would like to do is really develop a strategy and make sure we get the facts out there on what we really do need, because what is going to happen, and it is already happening in Colombia, is that

because the terrorists, we have been going after the money and doing a good job with respect to terrorism, but they are going to be looking for other sources of money, and it would be a great partnership between terrorists and between the drug organizations, and you have it right now in Colombia. I believe there are estimates that half the money that is used by terrorists in Colombia to buy weapons and the resources they need come from the drug cartels. Is that your opinion?

Mr. CRANE. Oh, absolutely. I think that is true.

Mr. RUPPERSBERGER. So more and more this is going to come together. But you still can't take away from the drug enforcement, and I am very much concerned about it. We have had many hearings in this committee; I have raised that issue over and over again, and all we hear is it is great, it is good, and whatever; and that is the opinion I got here today, and I don't believe that it is. And I would really hope that you could at least put the facts. All we are talking about is getting the facts together and how we might have to keep putting our resources into the drug arena.

Could you comment on my statement, please?

Mr. CRANE. Absolutely. I visited Burma also. I'm sorry, not Burma, the northern border of Thailand, and discussed with the Thais, as well as the Chinese, the problems with drug control.

Mr. RUPPERSBERGER. And, by the way, one other thing while we were there, it seems like because of the money issue, the drug right now is methamphetamine, and the reason is because of the margins of profit. They have these factories there and they can make so much, and they make so much profit based on the profit of heroin at this point.

Mr. CRANE. What I would like to do is put the perspective on the whole Thailand and the strategic pictures.

Mr. RUPPERSBERGER. I am talking about the whole policy. I just used Thailand as an example.

Mr. CRANE. Yes. I was going to give that as an example, though, to say that at the tactical level operators always ask for more assets. The question is how are we doing there in the strategic context. This was one of the largest opium growing areas in the world when I was over in Asia and lived in Thailand in the 1971 time-frame. When I went back and visited, I was surprised. The northern part of Thailand, for example, has been completely reformed, alternative crops and everything. It is a very productive area. That used to be opium country, north of Cheng Mai; now, today, it isn't. So there has been a very big success in that respect. Second, both the Thais and the Chinese have worked hard and have gone after actually this outlaw, the Wa State Army and those people, and there have been substantial reductions in opium. I think this year we are going to get another 40 percent. Slowly the golden triangle is being removed from the opium area.

But you are exactly right, methamphetamine is the new problem, and that is one that we are trying to get grips with. The best we know, the thing that seems to work against methamphetamine, is controlling the precursor chemicals, and that is the best we can do in our understanding. So we have mounted programs, for example, the Chinese manufacture a lot. The Chinese have given us assurances and so on they would try to help us with this. So the United

States can't do everything everywhere, so we have tried to build these multi-coalitions to get these other countries to contribute also. We have to do that, and I think we have had some success.

Mr. RUPPERSBERGER. And it is working. It is working.

Mr. CRANE. Yes. So while I realize the tactical forces at the border, this is an important thing.

Mr. RUPPERSBERGER. But my macro question is the resources that are being taken away from drugs and going into terrorism, where in fact we can't take away from one and give to the other without having an effect. Eventually, it is going to make a difference.

And I remember testimony, I am not sure, Mr. Chairman, how we had a group of law enforcement officers from all over the country, and there were statistics that showed that there has been an increase in certain areas since the lack of resources have come in. That was about a month ago; I don't recall the hearing.

Mr. CRANE. I think to be very specific, we really need to fully fund the DEA. They have picked up a lot more since September 11, a lot more responsibilities in their international programs, and fully funding the President's initiative, that would help. DEA intelligence has been really excellent.

Mr. RUPPERSBERGER. Well, I understand you are speaking for your President. I agree.

Mr. CRANE. No, but it is very important that we really push for that because we have really gotten tremendous bang for the buck out of those great Americans out there on the front lines.

Mr. RUPPERSBERGER. Getting back to my question, do you feel, based on your position and what you know, that the resources being taken away from drug interdiction, which might be going over to homeland security, or wherever they are going, and that we really need to really maintain at least our status quo now because we are doing the job?

Mr. CRANE. I honestly don't believe that while there might be some little things on the margins, that the main program is still succeeding at the level that the homeland security is focused more. I don't personally believe, looking at what has happened and the results, that any of this has affected us that much in our operations, while I always recognize you can do some more. So I have not seen that, and I have been looking at this for a long time as an expert in this area.

Mr. RUPPERSBERGER. Well, I guess time is going to tell, because we will have to evaluate the performance.

Mr. CRANE. Absolutely.

Mr. RUPPERSBERGER. And the purpose of this committee here is to try to establish what your needs are and how we can direct, if we agree with what the policy is, that we can put the resources back into that.

Mr. SOUDER. I want to ask a few other specific followup questions. What you are hearing from this committee in a bipartisan way, and I don't know a delicate way to say this because I am such a strong supporter of this administration, and I understand that we are in direct budget pressure and I understand there is tremendous pressure, at least in public comments, to have people inside the administration agree with each other, but we have to have the

people in charge in our policy weighing in aggressively on these policies and not getting rolled right now in the internal debates, because we can chase various things. We all know I am on the Homeland Security Committee, and I know we have long-term pressures there, but narcotics and homeland security are so inter-related, plus we have more known deaths every year from narcotics. And I just do not believe it is an accurate statement that there hasn't been a reduction. Now, we all know why there has been a reduction, but you yourself, just a little bit ago, said that we are doing almost as well in your, what I believe is a very optimistic, projection of how we are doing with go-fast boats. But the President didn't say we are going to do almost as well in narcotics reduction, he said that ONDCP and Director Walters were going to be accountable for reducing drug use in the United States so much per year, and almost as well isn't cutting it. Now, we understand that a few variables came up, but then we need to say, OK, well, what do we have to do to meet those targets.

I also thought I just heard you say that you believe that the golden triangle is being removed as a major source. Did that mean Burma too?

Mr. CRANE. I said opium.

Mr. SOUDER. Heroin.

Mr. CRANE. I think the results are going to show that opium reduction in the golden triangle continues to decline every year. We believe there will be a major reduction again this year, and this isn't the result of the United States in there, this is the result of a coalition of nations working together to get this to happen.

Mr. SOUDER. Do you believe that Burma, the total golden triangle?

Mr. CRANE. Yes, Burma is going to decline. I think the U.N. reports in this area, the ones I talked to the U.N. staff, we have had very good relations with them; they do a lot of ground surveys.

Mr. SOUDER. I beg to differ with that statement, and see if you disagree with this. The U.N. drug control people believe that there has been a reduction in the golden triangle not because of wonderful efforts there, although Thailand has been aggressive, but because we haven't controlled Afghanistan, and that there has been a re-surge of opium in Afghanistan. And the Brits agree with this, ONDCP is making this case, and that what it has done is Afghan heroin and other parts are driving the market to the west. In fact, I believe just yesterday the State Department cited Burma again for lack of cooperation as one of those nations.

Mr. CRANE. Oh, absolutely.

Mr. SOUDER. Not on human rights, but on narcotics.

Mr. CRANE. Methamphetamine in particular.

Mr. SOUDER. But one of my questions would be what specific recommendations have you made regarding Afghanistan, and do you know or have you recommended any policies to go after the stockpiles that basically, for various reasons, were not sought, and have you made recommendations to go after the heroin and opium production in Afghanistan? Because while it may not be going to the United States as directly, although that is unclear what is hitting the West Coast, because there heroin is coming from the Asian side, it certainly is part of the international drug control money

laundering parts, that to the degree that Afghan heroin and, for that matter, anything coming out of Burma or China, the region in that area, moves to Europe, it means that Colombian heroin moves to the United States, because it needs a market, and if it doesn't have a European market, it floods our market harder. What specific recommendations have you made and what are we doing to try to reconcile what has been kind of an, because we have other focuses in Afghanistan, increasing problem, and that is that the production seems to be back up and their stockpiles haven't been hit?

Mr. CRANE. Let me just comment a little bit about that. In Afghanistan we do have a detailed strategy; the United Kingdom is the lead. We support that. There are other nations we are trying to bring on board because we need a multilateral thing. The President has put substantially more resources into Afghanistan with his new acceleration initiatives just announced last week.

Mr. SOUDER. New dollars for drug interdiction?

Mr. CRANE. Let me go to our problem. Our problem is lack of security in the areas. So we need the police. That is where you put the money and that is where it should be put. The most important piece is that we got commitment of the central government to outlaw the opium. That has happened. If you take a look at the current information, that has gotten attention of the farmers; they have disbursed somewhat. They are not doing what they did years ago, which is growing it right along the main highway in large farms. So there has been an impact on the farmers. The opium production has not recovered, according to our official estimates, to where it was during the Taliban times, and there are reports from the U.N. where the quality of the drug, or purity, declined in Europe over the last couple of years. So those things give us some hope, but we are certainly nowhere near where we want to be yet; we want to eliminate that.

It makes it very difficult, if we don't get control of the drugs in Afghanistan, to establish viable, legitimate economies; it prevents everything. So the first step, of course, is to put a lot more police in there, in the local governments, but in the end narcotics control has to be a local effort inside three areas, it can't be done remotely. So President Karzi has made the commitment, as far as I can tell; President Bush is going to give him a lot more resources for the police, and so as we stabilize that government it is certainly the intention of not only the United States, but many other countries, and it is my role to meet with them and get them to put substantial assets in their also. So that is what we are doing right now, our strategy.

Mr. SOUDER. Well, the problem I have, while that sounds good, I understand the nature of the terrorist threat, it is not the way we are approaching it in Colombia. Because their local police forces, CMP, we are supporting their units in the defense department, but we are also putting planes in for eradication, even though the villages aren't necessarily stabilized yet. I mean, there are areas we are doing eradication, where we are doing interdiction, where we are doing shoot-down policy even if we don't have security in those villages yet.

Mr. CRANE. It is true. Coca is a different kind of crop than heroin poppy.

Mr. SOUDER. We are doing this on heroin in Colombia as well.

Mr. CRANE. Right. But the big effort clearly is in coca.

Mr. SOUDER. Well, there is agreement here on the Hill some about whether or not there should be a big effort in both of those.

Mr. CRANE. But I am just saying the magnitude of the coca is a lot bigger.

Mr. SOUDER. Yes, there is more coca.

Mr. CRANE. Yes. And if you look at poppy, we have actually changed our whole tactics. But to get back to your question, I would disagree with one statement. I think President Uribe has made the commitment to go back to those for the first time in history. So even though that is not a drug control aspect, the fact that drug control is helping them remove the financing of these real armies. He is going to take back the territory. And so we are doing that together. So they are going to take back the territory and establish local law.

Mr. SOUDER. Well, I absolutely support that, but we are doing both. Are we doing both in Afghanistan?

Mr. CRANE. In Afghanistan we are going to have to do both too, but there it is very likely you are going to be able to spray. If you look at the way the poppy fields, most of the agriculture in Afghanistan is legitimate, it is just a small fraction that isn't, even though it is still a substantial part of the poppy market. But these are very small plots that the farmers have grown, so you are going to have to go in there pretty much with people on the ground and manually get rid of them; you are not going to be able to do this like the big coca plantations.

Mr. SOUDER. I wanted to ask two other specific questions, then I will see if anyone else has additional questions.

In your written testimony you mention that the Canadians have taken steps to improve their precursor chemical laws, but that "The regulation promulgated earlier this year by the Government of Canada to restrict the availability of pseudoephedrine and other precursor chemicals, while a step in the right direction, could be stronger." What specific recommendations do you have for making it stronger that we should be pushing for?

Mr. CRANE. I think in Canada we recognize that until they passed the original law earlier this year, they didn't really have too much control. There has to be more severe penalties. Perhaps we should put precursor control underneath law enforcement. So this leads to a diversity of who is in charge of it.

Now, I am not saying those people aren't trying to do their best, but we need a really concentrated focused effort. Law enforcement should be looking at diversion like it is in the United States. But again, our relations with Canada, Canada is a very important country to the United States; we want them to succeed. I am personally dedicated to working with them and making it succeed; not just talk about the problems, but what can we do to make it work. Now, the Canadians have put through also a new drug control strategy this year. So all of these are positive. I believe it will help us with this activity.

Mr. SOUDER. The biggest political problem we have in the United States is this proliferation in the narcotics area of meth labs. While they may not individually supply as much cocaine or marijuana,

the number of it and how it is dominating the issue, and the potency of the meth and those precursor chemicals are not only coming heavily from Canada, which is our biggest trading partner, for example, in Indiana, by far, but we do need to address that and continue to work with them because this is probably the fastest growing pressure on us and the biggest danger to our kids because it can be produced domestically if we get control of some of the international.

Along the same lines on the Dutch Government, you have in your written testimony "Senior officials of the Dutch and U.S. Governments met in the Hague in March 2003 to discuss means of strengthening cooperation against international crime, narcotics trafficking" and I wanted to know what the status of that was on Ecstasy, MDMA, and precursor chemicals, because they are the other big place those things are.

Mr. CRANE. I personally went to the Dutch, and I won't say what we said, but we were very firm with them on what needed to be done. With respect to the Ecstasy, the smuggling is one aspect of it. The other aspect is production, which is pretty high. So we told them, look, there are three things you can do to try to stop production. If you look at the current DEA data right now, the STRIDE data, it suggests that the purity of Ecstasy has declined substantially. And I think if you go back and take a look, hopefully we have turned the corner on the harmfulness of that drug. But again, we have law enforcement activities. The Dutch have been cooperating with us on this, and some other things, so we continue to work with them, put pressure on them. As you know, the Dutch have been strong supporters of the United States on the war on terror, and we need to work with them as a strong ally, so we have been doing that but being firm, and I think we made some progress with that.

Mr. SOUDER. Are there any specific requests pending with them that they haven't implemented on precursor chemical laws or Ecstasy? And it spilled over into Antwerp as well.

Mr. CRANE. Well, there are certainly some detail things that off the top of my head I couldn't tell you the specific law enforcement.

Mr. SOUDER. If you could give us some response.

[The information referred to follows:]

US-Dutch Bilateral Law Enforcement Meeting

The United States is working closely with the Netherlands to disrupt MDMA trafficking to the US. Bilateral meetings held in March 2003 yielded an action plan to enhance law enforcement and judicial cooperation on drugs, crime, and terrorism. Since then, U.S. and Dutch governments have made progress in implementing many of the agreed steps which seek to increase our efforts to stem production and trafficking by enhancing law enforcement and judicial cooperation, improve targeting at Schiphol and Rotterdam, taking down major criminal organizations involved in production and trafficking of MDMA, and include exchanging information and best practices for prevention and treatment to reduce demand. However, the US is particularly interested in Dutch action to identify organizations behind arrested drug smugglers, act on developed standards for Netherlands prosecutors for the purpose of handling U.S. extradition requests, and assess the effectiveness of procedures in place at Schiphol Airport for the screening of documents of U.S.-bound passengers.

Mr. SOUDER. Anything else, Mr. Ruppertsberger?

Mr. RUPPERSBERGER. Just trying to get another way to get the needs. Broad question: What would you consider to be your biggest challenge in your capacity in dealing with the eradication and working with the drugs?

Mr. CRANE. That is a very fair question. You know, my biggest challenge is to get us to work together to cause really big changes. One of the strange things about these drug markets is they can automatically sort of adapt to pressures, and there are these sort of critical points, and when you get passed them you cause these large changes. So my biggest challenge is to get us to work together with our allies to get over these critical points and cause large changes, not small changes.

Mr. SOUDER. With that, we appreciate your coming to our hearing today. We may have some additional written questions, and I had a couple, for you to get some detailed answers to, particularly with the Dutch and the Canadians. But we are trying to work with governments that at least in the law enforcement side want to work with us.

Mr. CRANE. Absolutely, sir.

Mr. SOUDER. With that, the subcommittee stands adjourned.

[Whereupon, at 11:13 a.m., the subcommittee was adjourned, to reconvene at the call of the Chair.]

